

[REDACTED]

[REDACTED]

[REDACTED]

CERTIFIED

JUL 19 1985

Dear Applicant:

We have considered your application for recognition of exemption from Federal Income Tax under section 501(c)(3) of the Internal Revenue Code.

The information submitted discloses that you were incorporated on [REDACTED] under the nonprofit corporation laws of the State of [REDACTED].

As stated in your Articles of Incorporation, your purposes are:

- A. To promote, encourage, and provide recreation and sport.
- B. To promote and encourage the showing and exhibition of all horses.
- C. To promote and encourage the holding of horse shows, contests and exhibitions which will best exhibit the qualities of horses.
- D. To promote and encourage breeding and marketing of horses.
- E. To promote and encourage the training of performance horses.
- F. To exercise any and all powers conferred upon Non-Profit Corporations by the laws of [REDACTED].

Form 1724 indicates the following:

- A. You sponsor [REDACTED] classes for exhibitors to show their young horses with a chance to win cash awards. A horse sale coincides with [REDACTED] to provide a market place for horse breeders and owners to buy and sell prospects for the coming year [REDACTED].
- B. The primary source of your [REDACTED] income of \$[REDACTED] was \$[REDACTED] in entry fees.
- C. Your [REDACTED] expenses of \$[REDACTED] included \$[REDACTED] in paybacks to entrants and \$[REDACTED] in awards.

Agricultural and horticultural organizations are exempt as organizations described in section 501(c)(5) if no part of their net earnings inures to the benefit of any member and if their objectives are the betterment of the conditions of members, the improvement of the grade of their products and the development of higher efficiency. Agricultural organizations are those connected with raising livestock, forestry and raising of crops, the cultivation of useful or ornamental plants and similar pursuits.

The Income Tax Regulations, section 1.501(c)(5), describe organizations contemplated by section 501(c)(5) of the Code as those organizations which have no net earnings inuring to the benefit of any member and have as their objects the betterment of the conditions of those engaged in such pursuits, the improvement of the grade of their products and the development of a higher degree of efficiency in their respective occupations.

Revenue Ruling 66-165, 1966-1 C.B. 145 states that an organization composed of agricultural producers whose principal activity is marketing livestock for its members does not qualify for exemption under Section 501(c)(5) of the Internal Revenue Code of 1954.

Your purposes and activities clearly are to expedite the marketing of horses. Benefits are inuring to the persons receiving paybacks and awards at your activities.

It is evident from the above paragraph that your organization is not the type of organization referred to in section 501(c)(5) of the Code.

Since the evidence submitted fails to show that you have as your object the betterment of the conditions of those engaged in agricultural pursuits, the improvement of the grade of their products and the development of a higher degree of efficiency in their respective occupations, it is our determination that you are not entitled to exemption as an agricultural organization under section 501(c)(5) of the Code of 1954. Accordingly, you are required to file Federal Income Tax Returns on Form 1120.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 992, Exempt Organization Appeal Procedures for Adverse Determinations, which explains your rights and procedures.

████████████████████

Please keep this determination letter in your permanent records.

If you agree with this determination, please sign and return the enclosed Form 6018.

Sincerely yours,

████████████████████
District Director

Enclosures:
Publication 892
Form 6018